



U.S. Small Business Administration

"America's Small
Business Resource"

Small Business Beat

Quarterly Publication of the Michigan District Office

Spring 2006

Michigan Celebrates Small Business

Michigan Celebrates Small

Business is the state's premier awards ceremony for entrepreneurs and supporters of small business. The Michigan Economic Development Corporation, Michigan Small Business & Technology Development Center, Small Business Association of Michigan, and the SBA have joined forces to recognize and celebrate Michigan's outstanding entrepreneurs.

Governor Jennifer Granholm will be the keynote speaker. The presentation of SBA's annual awards will be a highlight of this event. These award winners are listed to the right. Dante Villarreal was the Midwest Regional award winner in his category. Another highlight will be the announcement of the "50 Companies to Watch" list.

This year's **Michigan Celebrates Small Business** event will be held at the Kellogg Hotel & Conference Center in East Lansing on April 19 at 6:00 p.m. Tickets are \$125 per person or \$1,000 per table, which includes a reception and a dinner. As last year's awards dinner was a sell out, do not wait too long to register to help celebrate Michigan's outstanding entrepreneurs.

For more information on the evening and to register for dinner, please visit www.michigancelebrates.biz. You may also call (800) 362-5461 for more information.



U.S. Small Business Administration Michigan District Office 2006 Small Business Award Winners

Small Business Person of the Year

Keith R. Malmstadt
Great Lake Woods, Inc., Holland

Michigan & Midwest Minority Small Business Champion of the Year

Dante O. Villarreal
Small Business & Technology Development Center
Grand Rapids

Women in Business Champion of the Year

Joan M. Schroeder
National City Bank, Milford

Financial Services Champion of the Year

Eric B. Seifert
Community Shores Bank, Muskegon

Small Business Journalist of the Year

Sheena Harrison
Crain's Detroit Business, Detroit

Michigan Small Business Counselor of the Year

Pat Salo
Small Business & Technology Development Center, Troy

SBA, NFL, and the Detroit Urban League Host Super Bowl Business Forum

More than 600 up and coming business people attended the **Super Bowl Diversity Business Forum** held at the beautiful Max M. Fisher Music Center in downtown Detroit on February 1. This Super Bowl XL event was the only one designed for the small business community. It was cosponsored and hosted by SBA, the National Football League, and the Detroit Urban League. A dozen other local organizations also supported this event.

The event showcased the success of business leaders and encouraged participants to develop their own skills for advancement. It featured a lively panel discussion among nationally recognized corporate and business leaders as well as a keynote presentation from **Franco Harris, Pro Football Hall of Famer and former Pittsburgh Steeler**, aimed at enhancing the business success, skills, and

knowledge of future leaders of Detroit.

SBA Administrator Hector Barreto was among the panelists who shared his insights on being a successful entrepreneur along with **Tony Gonzalez, Partner at Atlas Farnese Travel Agency and Kansas City Chiefs tight end**, and other nationally recognized business figures.

"In recent years, the number of minority-owned businesses has increased by nearly one-third, while overall firms have increased by 10%," said Administrator Barreto. "Minority-owned small businesses are making great strides in strengthening our nation's economy. It is essential that we reach out to communities across the nation to ensure that they have all of the tools necessary to succeed in the long term."

SBA Loans Continue to Increase

In the first six months of FY 2006, SBA's Michigan District Office is well ahead of the record-setting pace it set in FY 2005. As of March 31st, this office had approved 1,692 loans for a total of nearly \$255 million. This is 16% ahead of the number of loans done a year ago.

It also compares very favorably to the SBA nationally, as the agency as a whole has done 2% fewer loans this year compared to FY 2005. We greatly appreciate the support of all of our participants - bankers and certified development companies - in achieving this outstanding record.

For more information about SBA's 7(a) guaranteed and 504 loan programs, contact the Michigan District Office at (313) 226-6075 or visit us at www.sba.gov/mi.



"National Small Business Week 2006" will be held in Washington, D.C., April 12-13. This two-day conference will focus on small business accomplishments, showcasing those businesses recovering from disasters.

In addition, more than 100 outstanding small business owners from around the country will be honored in our Nation's capital. Small business honorees reflect the full range of business products, services and innovations offered by America's entrepreneurs. For more information, visit www.sba.gov/sbw.

WEDO is a Big Success!

2005 Lenders' Conference and Awards

Assistance for Women Entrepreneurs

For five days in September, National City along with the Michigan Small Business and Technology Development Center (SBTDC), the National Association of Women Business Owners, and SBA conducted the 3rd annual Women's Economic Development Outreach (WEDO) events in Michigan. Over 800 women business entrepreneurs came together to get advice on financing, marketing, and business development.

This program brought together local professional and non-profit organizations devoted to assisting women entrepreneurs. Whether just starting a business or trying to expand, this initiative provided valuable information for all women who attended.

WEDO 2005 sessions were held in Battle Creek, Clinton Township, Detroit, Grand Rapids, Lansing, Novi, and Traverse City.

SBA Assistant Administrator for Women's Business Ownership Wilma Goldstein was the keynote speaker at the opening WEDO event in Detroit.

WEDO 2006 is in the planning stages. More information on speakers, venues, and how to register will be available in upcoming newsletters.



Over 220 people attended our 8th Annual Michigan SBA Lenders' Conference on March 8 at the Kellogg Center in East Lansing. This was a record attendance for this conference.

A highlight of this year's event was the presentation of seven awards to SBA lenders for their performance in FY 2005, another record-setting year for SBA lending in Michigan. This year's winners follow:



**Top 10 Michigan Business Women Award Recipient
Catherine Gase**

Congratulations to one of our own outstanding employees, Catherine Gase, who was recently honored as one of the Top 10 Michigan Business Women by the National Association of Women Business Owners (NAWBO) - Greater Detroit Chapter.

Catherine has been the Women's Business Ownership Representative since joining SBA in 1987. She has played a key role in coordinating the annual Women's Economic Development Outreach (WEDO) tour and has chaired the program since its inception. In addition, she created the award winning training program, "Financing Roundtables presented by TEAM SBA."

Charter One Bank – "Lender of the Year" Our traditional award for the best overall performance considering total volume, new markets, comparison with historical performance, etc.

Fifth Third Bank – "504 Lender of the Year" Best overall performance by a bank in support of 504 lending.

Republic Bank – "PLP Lender of the Year" The most loans approved by a preferred lender. Preferred lenders enjoy full delegation of SBA's lending authority.

Franklin Bank – "Community Lender of the Year" Best overall performance among Michigan-based non-PLP lenders. It considers total volume, new markets, comparison with historical performance, etc.

Northwestern Bank – "Business Development Lender of the Year" Among lenders with at least 10 approvals in the prior year, the largest percentage increase in number of approvals.

Charter One Bank – "SBAExpress Lender of the Year" Award for the lender which had the most SBAExpress loans.

Chase – "New Markets Lender of the Year" Best overall performance in lending to new markets.

Black Business Expo Helps 200 Small Business Owners

Over 200 current and prospective small business owners attended the Black Business Expo, which was held on February 28 in Detroit. The expo covered retail, restaurant, service and technology opportunities in Detroit and provided financial and operation information to conference participants.

Detroit Mayor Kwame M. Kilpatrick delivered the keynote speech for the event's opening session at the Detroit Entrepreneurship Institute.

The event was co-sponsored by SBA, Chase, and the Alpha Phi Alpha fraternity. The Black Business Expo took participants from the classroom to the city streets to tour four areas by motor coach, highlighting small business opportunities in Brush Park, Downtown Detroit, New Center, and Tech Town Technology Park.



Huel Perkins, Anchor, Fox 2 News, receiving a plaque for his participation as Master of Ceremonies at the Black Business Expo. Pictured with Perkins are Marino Orlandi, Chase Small Business Banking, Cathy McClelland, Detroit Entrepreneurship Institute, and Richard Temkin, SBA Michigan District Director.

SBA's 504 Loan Program - Fixed Asset Financing

SBA's 504 Loan Program provides long-term, fixed rate, subordinated financing for acquisition and/or renovation of capital assets, including land, buildings and equipment.

Often a growing business needs funds to purchase a building or new equipment, but cannot afford the down payment it would need for traditional financing. The 504 program provides small businesses with the same lower-cost, fixed rate financing big businesses receive through the bond market. Advantages to the borrower include:

- lower down payment and the ability to finance the soft costs
- below market, fixed-rate financing
- longer terms than are generally available through a commercial lender

With 504 financing, the typical financial structure consists of 10% from the borrower, 50% from the commercial lender and 40% from the CDC (provided by 100% SBA guaranteed debentures). Recent 504 interest rates were 6.75% on 20 year and 6.96% on 10 year debentures.

Administered by Certified Development Companies (CDCs), the 504 program provides not only financial assistance but also serves as an economic development tool that supports local small business growth and job creation. CDCs are local non-profit groups licensed by SBA.

For more information, please contact one of the CDCs listed on the right. These organizations are specialists in packaging 504 loans and will manage the entire process to make sure it goes smoothly.

Michigan Certified Development Companies

Economic Dev. Foundation-Certified

Grand Rapids, P (616) 459-4825

Growth Finance Corporation

Howard City, P (231) 937-7429

Lakeshore 504 - South Office

Holland, P (616) 392-9633

Lakeshore 504 - North Office

Grand Haven, P (616) 842-3153

Metropolitan Growth and Development Corporation

Detroit, P (313) 224-0820

Michigan Certified Development Corporation

Lansing, P (517) 886-6612

Oakland County Business Finance Corporation

Pontiac, P (248) 858-0879

SEM Resource Capital

Livonia, P (734) 464-4418

Small Business News and Updates

New Web Site for Women

SBA has launched *MY BIZ for Women*, a new online tool designed to provide comprehensive business information and assistance to women entrepreneurs.

MY BIZ for Women is designed to be the first step for all women business owners, providing one-stop access to information for women entrepreneurs highlighting the best resources the government has to offer. The Web portal provides information on starting and growing a small business, gaining access to capital and contracting opportunities and links to other government agencies and SBA resource partners offering business counseling, a state-by-state listing of SBA's Women's Business Centers and other resource information. The *MY BIZ for Women* Web site can be found at <http://www.SBA.gov/women>.

Our Belief...

SBA is the entry point to help you, the small business owner, to start, grow, and prosper. We offer customized counseling, specialized financing, and contract opportunities. Through our unique resource network, we provide the tools to help you along the path to your success as a small business owner. We are your Small Business Resource.

The Michigan District Office...



Small Business Calendar

April

April 7 - NxLevel Entrepreneurial 12 Week Training Program. Troy (248) 823-1365

April 11
Orientation for Entrepreneurs. Bergland (906) 884-4188

E-Commerce: Intro to Online Selling. Lansing (517) 483-9853

April 12 - Magic of "Pre-Business" Planning. Warren (313) 226-7947

April 18 - Selecting a Legal Structure. Mt. Clemens (586) 469-5118

April 19
Accounting for Small Business. Warren (313) 226-7947

Women Business Certification. Livonia (734) 677-1444

April 20 - "Business Plans" - Avoid Costly Mistakes. Warren (313) 226-7947

April 27
Financing Roundtable by TEAM SBA. Ypsilanti (734) 547-9170

Sales & Marketing. Warren (313) 226-7947

May

May 3
8(a) & SDB Orientation. Detroit (313) 226-6075 x253

Marketing Your Business. Indian River (888) 468-6222 x7375

How to Start a Small Business. Livonia (734) 462-4438

May 4 - Sales for the Non-Salesperson. Grand Rapids (616) 331-7373

May 8 - Retail is Detail. Traverse City (231) 995-1700

May 16 - Women Business Certification. Warren (734) 677-1444

May 18 - Financing Roundtable by TEAM SBA. Lansing (517) 487-6340

June

June 2 - Financing Roundtable by TEAM SBA. Kalamazoo (269) 337-7350

June 8
Financing Roundtable by TEAM SBA. Troy (248) 823-1365

Women Business Certification. Pontiac (734) 677-1444

June 13
CEO Roundtable. Bloomfield Hills (313) 226-7947

June 28 - Business Plan. Harrison (989) 386-6630

For an expanded list of upcoming special events and workshops, please visit our Web site at <http://www.sba.gov/mi>.

Ten Reasons To Love Michigan Small Business

Webinars for Small Business Owners

Small businesses are the heart of Michigan's economy, and SBA's Office of Advocacy has compiled ten reasons to love Michigan's small business community.

Ten Reasons To Love Michigan Small Business

1. Small businesses make up 98.4 percent of all Michigan employers.
2. Small businesses create more than 50 percent of the American nonfarm private gross domestic product (GDP).
3. Small patenting firms produce 13 to 14 times more patents per employee than large patenting firms.
4. The 765,487 small businesses in Michigan are located in every community and neighborhood.
5. Small businesses employ 50.8 percent of Michigan's non-farm private sector workers.
6. Home-based businesses account for 53 percent of all small businesses.
7. Small businesses are 97 percent of America's exporters and produce 26 percent of all export value.
8. Michigan saw an estimated 24,625 new small firms with employees start-up in the last year measured.
9. There are approximately 75,100 minority-owned businesses and 217,802 women-owned businesses in Michigan, and almost all of them are small businesses.
10. The latest figures show that small business creates 65 percent or more of America's net new jobs.

The Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats and it funds research into small business issues. For more information, visit the Office of Advocacy Web site at www.sba.gov/advo.

Live Webinars for Small Business Owners

Small business owners will be able to participate in a series of live interactive Webinars that will provide training on "navigating the maze of federal contracting" and other business essentials as if they are in a classroom setting. The Webinars will be conducted by SBA and Strategic & Learning Services, Inc. (SLS).

The next live Webinar training session will take place on May 17, 2006, at 12:00 p.m. and is one of a series of training sessions for small business owners that are eligible for the SBA's 7(j) Management and Technical Assistance program. Other eligible firms include firms that are eligible for 8(a) certification, HUBZone-certified firms operating in areas of high unemployment or low income, and firms that are owned by low income individuals. The other Webinar dates for 2006 are July 19, August 16, and September 13.

Individuals planning to participate in the live Webinar, should visit www.sls-7j.net to register and click on the live Web conference icon. The live seminar will be archived on SLS's Web site the day after the session for individuals who are not able to participate on the scheduled date. Individuals interested in participating are encouraged to join the Webinar 10 minutes prior to the session to avoid missing valuable information. During the Webinar, small businesses will be able to e-mail their questions directly to the SLS instructors and get immediate responses.

For more information on how to receive federal contracting assistance from the SBA, visit www.sba.gov/gcbd.

ASK SBA...

Q: I'm thinking about buying a business. What things should I consider before the purchase?

A: Buying an existing business is a great way to become a business owner. People sell businesses for a variety of reasons and if it is something in which you are interested, it may be a wonderful opportunity.

It is wise for you to gather as much information as possible before the purchase of a business. There are many things to consider. First, you should examine your own motives. Why do you want to buy the business? Do you have experience in that industry? Are you willing to work the long hours needed to make the business a success?

After you have examined your motives, examine the sellers. People decide to sell a business for a variety of reasons, including retirement, partnership disputes, medical conditions, lack of interest, and company growth beyond ability of existing owner. You want to ensure that the reasons for the sale are not because of declining sales, bankruptcy, extreme debt or other financial risks.

Selling a business is often an emotional experience for the former owner, so as a buyer, you need to be sensitive to his/her situation, and demonstrate your ability to continue the business successfully. Because of this, a former employee may be an excellent candidate for the acquisition.

There are many questions to ask the seller about the business. Do not be afraid to ask all your questions. You should feel comfortable with your purchase and confident that you can lead the

business to success. Here are a few of the questions you should be asking the seller:

- Is the business in a profitable or stable industry?
- What is the industry doing? Identify the trends and the competition.
- What is the history of the company?
- What are the current operating procedures?
- Are the managers currently running the business willing to stay with you after the sale?
- Are the customers loyal to the business or the previous owner?
- How much debt does the business possess and how much will you have to assume?
- Ask for and examine the current financial statements. You may want an accountant to examine them also. Calculate some ratios and look for strengths and weaknesses in the statements.
- You will also want to get an outside appraisal to help you determine a fair value for the business.

Remember, one of the main reasons to buy an existing business is the drastic reduction in start-up costs of time, money, and energy. In addition, cash flow may start immediately thanks to existing inventory and receivables. Other benefits include pre-existing customer goodwill and easier financing opportunities, if the business has a positive track record.

SBA resource partners, SCORE and the Michigan Small Business and Technology Development Center, offer free one-on-one

counseling and are willing to discuss your questions about buying and evaluating a business. For the location of the nearest counselor, please call the Michigan District Office at (313) 226-6075. Or visit SCORE at www.scoremichigan.com or the Michigan Small Business and Technology Development Center at www.misbtdc.org.

SBA would like to hear from you. Please send your small business questions to: Newsletter Business Questions, U.S. Small Business Administration, 477 Michigan Avenue, Suite 515, Detroit, Michigan 48226; or FAX to the attention of Business Questions (313) 226-4769; or e-mail: michigan@sba.gov.

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